

CASE NAME: West Realm Shires Financial Services Inc.CASE NUMBER: 22-11072**GENERAL NOTES**

This periodic report (the “Periodic Report”) has been prepared solely for the purpose of complying with Rule 2015.3 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). This Periodic Report contains certain financial information for a non-debtor entity of a non-publicly traded corporation in which an estate of a Debtor (as defined below) controls or owns at least a twenty percent (20%) interest (a “Controlled Non-Debtor Entity”). The information provided in this Periodic Report has been provided by the Debtors’ management.

Description of these Chapter 11 Cases

On November 11 and November 14, 2022 (as applicable, the “Petition Date”), FTX Trading Ltd. and its affiliated debtors (each a “Debtor” and, collectively, the “Debtors”)¹ each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors’ chapter 11 cases (the “Chapter 11 Cases”) are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b) and Rule 1015-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Delaware as approved by order of the Court on November 22, 2022 [D.I. 128]. On December 15, 2022, the United States Trustee appointed an official committee of unsecured creditors in the Chapter 11 Cases pursuant to section 1102(a)(1) of the Bankruptcy Code. On February 13, 2023, an order was entered at Docket No. 711 dismissing the cases of SNG Investments Yatirim Ve Danismanlik Anonim Sirketi (Case No. 22-11093) and FTX Turkey Teknoloji Ve Ticaret Anonim Sirketi (Case No. 22-11170). On August 18, 2023, an order was entered at Docket No. 2207 dismissing the case of FTX Exchange FZE (Case No. 22-11100). On November 13, 2023, an order was entered at Docket No. 3739 dismissing the cases of Liquid Financial USA, Inc. (Case No. 22-11151), LiquidEX LLC (Case No. 22-11152), Zubr Exchanged Ltd (Case No. 22-11132) and DAAG Trading, DMCC (Case No. 22-11163). On December 16, 2023, the Debtors filed (i) the *Joint Chapter 11 Plan of Reorganization of FTX Trading Ltd. and Its Debtor Affiliates* [D.I. 4861] and (ii) the *Disclosure Statement for Debtors’ Joint Chapter 11 Plan of Reorganization of FTX Trading Ltd. and Its Affiliated Debtors and Debtors-In-Possession* [D. I. 4862]. On March 18, 2024, the Bankruptcy Court entered the *Fourth Order Extending the Exclusive Periods During Which Only the Debtors May File a Chapter 11 Plan and Solicit Acceptances Thereof* [D.I. 9584] extending the Debtors’ exclusive filing period to May 13, 2024 and extending the Debtors’ exclusive solicitation period through July 11, 2024. Additional information about these Chapter 11 Cases, court filings, and claims information is available at the Debtors’ restructuring website: <https://restructuring.ra.kroll.com/FTX>.

Financial Statements

The financial information contained herein is unaudited, limited in scope, and as such, has not been subject to procedures that typically would be applied to financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and are not intended to reconcile fully with any financial statements prepared under U.S. GAAP. The Controlled

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://restructuring.ra.kroll.com/FTX>.

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Non-Debtor Entity maintains its books and records in accordance with U.S. GAAP and the information furnished in this Periodic Report utilizes the Controlled Non-Debtor Entity's normal accrual method of accounting.

For financial reporting purposes, the Debtors prepare consolidated financial statements at Debtor West Realm Shires Financial Services Inc. (Case Number 22-11072), which include information for the Controlled Non-Debtor Entity. This Periodic Report only contains financial information of the Controlled Non-Debtor Entity. The financial statements presented in this Periodic Report are derived from the books and records prepared and maintained by the respective Controlled Non-Debtor Entity as provided to the Debtors. The presentation in this Periodic Report does not include all the information and footnotes required by U.S. GAAP for complete financial statements. The financial statements and supplemental information contained herein represent condensed information, are limited in scope, and cover a limited time period. Unless otherwise noted, the Periodic Report generally reflects the Controlled Non-Debtor Entity's books and records and financial activity occurring during the time period covered by this Periodic Report. Except as otherwise noted, no adjustments have been made for activity occurring after the close of the time period covered by this Periodic Report.

Although management made reasonable efforts to ensure that the financial information is accurate and complete based on information that was available to them at the time of preparation, subsequent information or discovery may result in material changes to the information. Notwithstanding any such discovery, new information, or errors or omissions, the Debtors do not undertake any obligation or commitment to update this Periodic Report. Nothing in this Periodic Report shall constitute a waiver of any rights of the Debtors, including the right to amend the information contained herein. The financial information disclosed herein was not prepared in accordance with federal or state securities laws or other applicable nonbankruptcy law or in lieu of complying with any periodic reporting requirements thereunder. Persons and entities trading in or otherwise purchasing, selling, or transferring the claims against or equity interests in the Debtors should evaluate this financial information in light of the purposes for which it was prepared. The Debtors, the Controlled Non-Debtor Entity, and the Debtors' advisors are not liable for and undertake no responsibility to indicate variations from securities laws or for any evaluations of the Debtors based on this financial information or any other information.

This Periodic Report should not be relied upon by any persons for information relating to current or future financial condition, events, or performance of the Controlled Non-Debtor Entity or their affiliates, as the results of operations contained herein are not necessarily indicative of results which may be expected from any other period or for the full year, and may not necessarily reflect the combined results of operations, financial position, and schedule of receipts and disbursements in the future. Further, this Periodic Report is limited in scope, covers a limited time period, and has been prepared solely for purposes of fulfilling the requirements of Bankruptcy Rule 2015.3. Accordingly, the following notes, statements, and limitations should be referred to, and referenced in connection with, any review of this Periodic Report.

Income Taxes

Any income tax amounts or disclosures presented in this Periodic Report are derived from the books and records prepared and maintained by the respective Controlled Non-Debtor Entity as provided to the

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Debtors. No separate analysis regarding the realizability of deferred tax assets or the need for uncertain tax position reserves has been performed by the Debtors. The Non-Debtor Entity remains subject to examination by taxing authorities for any open audit periods, which could further impact the results included in this Periodic Report.

Intercompany Transactions

Prior to the Petition Date and continuing thereafter, but only as approved by the Court, the Debtors routinely engaged, and continue to engage, in intercompany transactions with the Controlled Non-Debtor Entity. Intercompany transactions have not been eliminated in the Balance Sheet and Statement of Income (Loss) contained herein, as these eliminations are only performed in consolidation.

Current Values

The Debtors do not maintain fair market value or other bases of valuation for the Controlled Non-Debtor Entity, which may differ substantially from the net book value of these entities.

Currency

The amounts herein are presented in United States dollars, unless otherwise stated.

Reservation of Rights

Nothing contained in this Periodic Report shall constitute a waiver or admission by the Debtors in any respect, nor shall this Periodic Report or any information set forth herein waive or release any of the Debtors' rights or admissions with respect to these chapter 11 cases, or their estates, including with respect to, among other things, matters involving objections to claims, substantive consolidation, equitable subordination, defenses, characterization or re-characterization of contracts, assumption or rejection of contracts under the provisions of chapter 3 of the Bankruptcy Code and/or causes of action under the provisions of chapter 5 of the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers. The Debtors are reviewing the assets and liabilities of their affiliates on an ongoing basis, including, without limitation, with respect to intercompany claims and obligations, and nothing contained in this Periodic Report shall constitute a waiver of any of the Debtors' or their affiliates' rights with respect to such assets, liabilities, claims, and obligations that may exist.

Fill in this information to identify the case:Debtor Name: West Realm Shires Financial Services Inc.

United States Bankruptcy Court for the _____ District of Delaware

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Official Form 426

Periodic Report Regarding Value, Operations, and Profitability of Entities in Which the Debtor's Estate Holds a Substantial or Controlling Interest

12/17

This is the Periodic Report as of | 12/31/2023 | on the value, operations, and profitability of those entities in which a Debtor holds, or two or more Debtors collectively hold, a substantial or controlling interest (a "Controlled Non-Debtor Entity"), as required by Bankruptcy Rule 2015.3. For purposes of this form, "Debtor" shall include the estate of such Debtor.

West Realm Shires Financial Services Inc. holds a substantial or controlling interest in the following entities:

Name of Controlled Non-Debtor Entity	Interest of the Debtor	Tab #
FTX Capital Markets LLC	100%	

This *Periodic Report* contains separate reports (*Entity Reports*) on the value, operations, and profitability of each Controlled Non-Debtor Entity.

Each *Entity Report* consists of five exhibits.

Exhibit A contains the most recently available: balance sheet, statement of income (*loss*), and a statement of changes in shareholders' or partners' equity (*deficit*) for the period covered by the *Entity Report*, along with summarized footnotes.

Exhibit B describes the Controlled Non-Debtor Entity's business operations.

Exhibit C describes claims between the Controlled Non-Debtor Entity and any other Controlled Non-Debtor Entity.

Exhibit D describes how federal, state or local taxes, and any tax attributes, refunds, or other benefits, have been allocated between or among the Controlled Non-Debtor Entity and any Debtor or any other Controlled Non-Debtor Entity and includes a copy of each tax sharing or tax allocation agreement to which the Controlled Non-Debtor Entity is a party with any other Controlled Non-Debtor Entity.

Exhibit E describes any payment, by the Controlled Non-Debtor Entity, of any claims, administrative expenses or professional fees that have been or could be asserted against any Debtor, or the incurrence of any obligation to make such payments, together with the reason for the entity's payment thereof or incurrence of any obligation with respect thereto.

This *Periodic Report* must be signed by a representative of the trustee or debtor in possession.

The undersigned, having reviewed the Entity Reports for each Controlled Non-Debtor Entity, and being familiar with the Debtor’s financial affairs, verifies under the penalty of perjury that to the best of his or her knowledge, (i) this Periodic Report and the attached Entity Reports are complete, accurate, and truthful to the best of his or her knowledge, and (ii) the Debtor did not cause the creation of any entity with actual deliberate intent to evade the requirements of Bankruptcy Rule 2015.3

For non-individual
Debtors:

Mary Cilia
Mary Cilia (Mar 26, 2024 10:53 CDT)

Signature of Authorized individual
Mary Cilia

Printed name of Authorized Individual
Date 03 / 25 / 2024
MM / DD / YYYY

For individual
Debtors:

Signature of Debtor 1

Printed name of Debtor 1
Date _____
MM / DD / YYYY

Signature of Debtor 2

Printed name of Debtor 2
Date _____
MM / DD / YYYY

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Exhibit A: Financial Statements for Controlled Non-Debtor Entities

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In re:
West Realm Shires Financial Services Inc.

Case No. 22-11072

<u>Name of Non-Debtor Entity</u>	<u>Interest of the Estate</u>
FTX Capital Markets LLC	100%

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Exhibit A-1: Balance Sheet of Controlled Non-Debtor Entities as of 12/31/2023

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Exhibit A-1: Balance Sheet of Non-Debtors

In US \$ Unless Otherwise Indicated	As of December 31, 2022 FTX Capital Markets LLC	As of December 31, 2023 FTX Capital Markets LLC
Assets		
Cash and cash equivalents	\$ 409,697	\$ 171,007
Clearing deposit account	250,000	-
Prepaid expenses, deposits	22,997	-
Intercompany receivable	113,900	113,900
Total assets	796,594	284,907
Liabilities and Stockholders' Equity		
Intercompany payables	339,283	298,758
Accounts payable	15,028	-
Accrued expenses	20,250	-
Total Liabilities	374,560	298,758
Additional Paid in Capital	1,075,000	821,998
Members Equity	10,039	(652,967)
Net Income	(663,006)	(182,882)
Total Stockholders' Equity	422,033	(13,851)
Total Liabilities and Stockholders' Equity	\$ 796,594	\$ 284,907

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Exhibit A-2: Statement of Income (Loss) for controlled Non-Debtor Entities for the period ended 12/31/2023

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Exhibit A-2: Statement of Income (Loss)

	As of December 31, 2022	As of December 31, 2023
In US \$ Unless Otherwise Indicated	FTX Capital Markets LLC	FTX Capital Markets LLC
Revenues:		
Commission Income - Equities	\$ 1,051	\$ -
Interest Income	-	3,257
Other Revenue	-	7,794
Net Revenue	1,051	11,051
Expenses:		
Salaries Expense	225,500	-
Regulatory Fees & Dues	16,146	-
Rent Expense	3,931	1,521
Office Expense	6,293	16,502
Insurance Expense	2,286	519
Professional fees and services	340,313	162,232
Dues and Subscriptions	68,791	1,078
Bank Service Charges	626	-
Clearing and execution charges	1	-
Exchange Fees	171	-
Retained Legal Expense	-	11,606
Other expenses	-	476
Total Expenses	664,058	193,933
Net Income (Loss) Before Taxes	(663,006)	(182,882)
Income Tax Benefit (Loss)	-	-
Net Loss	(663,006)	(182,882)

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Exhibit A-3: Statement of Cash Flows for Controlled Non-Debtor Entities for the period ended 12/31/2023

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Exhibit A-3: Statement of Cash Flows

In US \$ Unless Otherwise Indicated	As of December 31, 2022 FTX Capital Markets LLC	As of December 31, 2023 FTX Capital Markets LLC
Cash Flows from Operating Activities		
Net income (loss)	\$ (663,006)	\$ (182,882)
Depreciation and Amortization	-	-
(Increase) / Decrease in Current Assets	(267,410)	272,997
Increase / (Decrease) in Current Liabilities	36,799	(35,278)
Net Intercompany Transfers	225,382	(40,525)
Net cash flows used by operating activities	(668,234)	14,313
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	-	-
Cash flows used in investing activities	-	-
Cash Flows from Financing Activities		
Additional Paid in Capital	1,000,000	(253,002)
Members Equity	-	-
Net cash flows from financing activities	1,000,000	(253,002)
Net Increase (Decrease) in cash and cash equivalents	331,766	(238,689)
Net cash and cash equivalents, beginning of year	77,931	409,697
Cash and cash equivalents, current	\$ 409,697	\$ 171,007

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Exhibit A-4: Statement of Changes in Shareholders'/Partners' Equity (Deficit) for Controlled Non-Debtor Entities for the period ended 12/31/2023

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Exhibit A-4: Statement of Changes in Shareholders'/Partners' Equity (Deficit)

MEMBER'S EQUITY, JANUARY 1, 2021	\$	85,039
Member's contributions		1,000,000
Net loss		<u>(663,006)</u>
MEMBERS' EQUITY, DECEMBER 31, 2022	\$	422,033
MEMBERS' EQUITY, DECEMBER 31, 2022	\$	422,033
Member's Contributions		(253,002)
Net loss		<u>(182,882)</u>
MEMBERS' EQUITY, DECEMBER 31, 2023	\$	(13,851)

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<u>Non-Debtor Entity</u>	<u>Description</u>
FTX Capital Markets LLC	Previously registered as a Broker-Dealer with the Securities and Exchange Commission and the Financial Industry Regulatory Authority. Registration status terminated 2/5/2023

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As of December 31, 2023, FTX Capital Markets LLC has an intercompany payable of \$113.8k due to Embed Clearing LLC for withdrawals made while Debtor West Realm Shires Services Inc. accounts were inaccessible before the bankruptcy court authorized the Debtors to operate a cash management system (D.I. 145). FTX Capital Markets LLC has an offsetting intercompany receivable of \$113.9k due from Debtor West Realm Shires Services Inc. related to Embed Clearing LLC customer account withdrawals funded by FTX Capital Markets LLC. Additionally, FTX Capital Markets LLC has an intercompany payable of \$184.5k due to Debtor West Realm Shires Financial Services Inc. related to the payment of compensation expenses for FTX Capital Markets LLC. Lastly, FTX Capital Markets LLC has an intercompany payable of \$476 due to Debtor West Realm Shires Inc. for corporate services paid on behalf of FTX Capital Markets LLC.

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Exhibit D: Allocation of Tax Liabilities and Assets

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Debtor West Realm Shires Financial Services Inc. does not conduct an allocation of tax assets or liabilities between its subsidiary entities. Since the acquisition of FTX Capital Markets LLC by Debtor West Realm Shires Financials Services Inc. in 2021, there has not been any allocation of tax attributes to FTX Capital Markets LLC from Debtor West Realm Shires Financial Services Inc. or its subsidiary entities.

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Exhibit E: Description of Controlled Non-Debtor Entity's payments of Administrative Expenses, or Professional Fees otherwise payable by a Debtor

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As of the balance sheet date of the financials presented in Exhibit A, no payments of professional fees were paid by FTX Capital Markets LLC that would have otherwise been payable by a Debtor. Post petition, FTX Capital Markets incurred an intercompany payable of \$113.8k due to Embed Clearing LLC for withdrawals made while Debtor West Realm Shires Services Inc. accounts were inaccessible before the bankruptcy court authorized the Debtors to operate a cash management system (D.I. 145). FTX Capital Markets LLC has an offsetting intercompany receivable of \$113.9k due from Debtor West Realm Shires Services Inc. related to Embed Clearing LLC customer account withdrawals funded by FTX Capital Markets LLC.